



Legislation Details (With Text)

File #: 24-0382 **Version:** 1 **Name:** Southside View, LLC Subordination Agreement
Type: Resolution **Status:** Adopted
File created: 3/12/2024 **In control:** Economic and Housing Development
On agenda: 4/10/2024 **Final action:** 4/10/2024

Title: Dept./ Agency: Economic and Housing Development
Action: () Ratifying (X) Authorizing (X) Amending
Type of Service: First Amendment to the Agreement for the Sale and Redevelopment of Land
Purpose: An Agreement to subordinate the City's right of reverter by entering into an Amendment to the Agreement for Sale and Redevelopment of Land in order to permit financing necessary for the redevelopment of affordable rental or for-sale housing.
Entity Name: Southside View, LLC
Entity Address: 1212 Springfield Avenue, Irvington, New Jersey 07111
Sale Amount: Not Applicable
Cost Basis: () \$ PSF () Negotiated (X) N/A () Other:
Assessed Amount: N/A
Appraised Amount: N/A
Contract Period: Not Applicable
Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS
() Fair & Open () No Reportable Contributions () RFP () RFQ
() Private Sale () Grant () Sub-recipient (X) n/a
List of Property:
(Address/Block/Lot/Ward)
664 South 11th Street/Block 2617/Lot69/Additional Lot 70/South Ward
662 South 11th Street/Block 2617/Lot 71/Additional Lot 87/South Ward
660 South 11th Street/Block 2617/Lot 72/South Ward
658 South 11th Street/Block 2617/Lot 73/South Ward
656 South 11th Street/Block 2617/Lot 74/South Ward
654 South 11th Street/Block 2617/Lot 75/South Ward
668 South 11th Street/Block 2617/Lot 85/South Ward
666 South 11th Street/Block 2617/Lot 86/South Ward
South 11th Street/Block 2617/Lot 88/South Ward
Additional Information:
Resolution 7R2-b(AS) adopted on June 2, 2022, designated Southside View, LLC, as the redeveloper and authorized the private sale of the properties, pursuant to the Agreement for the Sale and Redevelopment of Land.

This Amendment to the Agreement for Sale and Redevelopment of Land will provide for the financing necessary for the redevelopment of affordable rental or for-sale housing.

Sponsors: Council of the Whole

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
4/10/2024	1	Municipal Council		

Dept./ Agency: Economic and Housing Development
Action: () Ratifying (X) Authorizing (X) Amending
Type of Service: First Amendment to the Agreement for the Sale and Redevelopment of Land
Purpose: An Agreement to subordinate the City's right of reverter by entering into an Amendment to

the Agreement for Sale and Redevelopment of Land in order to permit financing necessary for the redevelopment of affordable rental or for-sale housing.

Entity Name: Southside View, LLC

Entity Address: 1212 Springfield Avenue, Irvington, New Jersey 07111

Sale Amount: Not Applicable

Cost Basis: () \$ PSF () Negotiated (X) N/A () Other:

Assessed Amount: N/A

Appraised Amount: N/A

Contract Period: Not Applicable

Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS

() Fair & Open () No Reportable Contributions () RFP () RFQ

() Private Sale () Grant () Sub-recipient (X) n/a

List of Property:

(Address/Block/Lot/Ward)

- 664 South 11th Street/Block 2617/Lot69/Additional Lot 70/South Ward
- 662 South 11th Street/Block 2617/Lot 71/Additional Lot 87/South Ward
- 660 South 11th Street/Block 2617/Lot 72/South Ward
- 658 South 11th Street/Block 2617/Lot 73/South Ward
- 656 South 11th Street/Block 2617/Lot 74/South Ward
- 654 South 11th Street/Block 2617/Lot 75/South Ward
- 668 South 11th Street/Block 2617/Lot 85/South Ward
- 666 South 11th Street/Block 2617/Lot 86/South Ward
- South 11th Street/Block 2617/Lot 88/South Ward

Additional Information:

Resolution 7R2-b(AS) adopted on June 2, 2022, designated Southside View, LLC, as the redeveloper and authorized the private sale of the properties, pursuant to the Agreement for the Sale and Redevelopment of Land.

This Amendment to the Agreement for Sale and Redevelopment of Land will provide for the financing necessary for the redevelopment of affordable rental or for-sale housing.

WHEREAS, pursuant to Resolution 7R2-b(as) adopted on June 2, 2022, the Mayor and the Deputy Mayor/Director of the Department of Economic and Housing Development were authorized to enter into and execute an Agreement for the Sale and Redevelopment of Land (“Agreement”) with Southside View LLC, 1212 Springfield Avenue, Irvington, New Jersey 07111 (the “Redeveloper”) for the sale of land owned by the City of Newark (“City”) known as “Properties” and located at:

<u>ADDRESS</u>	<u>BLOCK</u>	<u>LOT(S)</u>
664 South 11 th Street	662 South 11 th Street	2617 2617 2617 69,70 71,87
660 South 11 th Street	658 South 11 th Street	2617 2617 2617 72 73 74 75
656 South 11 th Street	654 South 11 th Street	2617 2617 2617 85 86 88
668 South 11 th Street	666 South 11 th Street	
South 11 th Street		

for a purchase price of One Hundred Sixty-Seven Thousand Six Hundred One Dollars and Forty Cents (\$167,601.40), for the construction of a forty (40) unit, multi-family affordable residential building (“Project”); and

WHEREAS, the sale and Agreement were authorized pursuant to N.J.S.A. 40A:12A-8(g) and the South Ward Redevelopment Plan; and

WHEREAS, the Agreement allows the City to seek reversion of title to the Properties under certain events of Default as defined in the Agreement (the “Reverter Right”); and

WHEREAS, the Redeveloper has represented that it has secured the financing to obtain a loan through Citizens Bank, N.A., and New Jersey Housing and Mortgage Finance Agency, (collectively, the "Lender") to develop the Project, and the loan will be evidenced by a Promissory Note and secured by a Mortgage on the Properties; and

WHEREAS, the Redeveloper has advised the City that the Lender has requested that the City subordinate its Reverter Right within the Agreement as a condition for financing the Project, including the insertion of language into the Redevelopment Agreement acknowledging that the Lender shall be financing the Project and shall be provided with notice and a right to cure any default within ninety (90) days of receipt of such default notice, amending the reverter clause to explicitly indicate that it shall not defeat, render invalid, or limit in any way the lien on the Property arising from the Lender's mortgage and to clarify when the reverter clause shall terminate, and amending the notice provisions of the Redevelopment Agreement to include the Lender as an entity that will receive notices thereunder; and

WHEREAS, the Agreement states that the Reverter Right may be subordinated by the City subject to formal approval by the Municipal Council and pursuant to N.J.S.A. 40:60-51.2, which allows a municipality to waive, release, modify or subordinate any terms, covenants, conditions, limitations or reverters imposed in sales and conveyances of lands as to the erection, alteration or demolition of buildings or any other use to be made of land heretofore imposed by said municipality to accomplish the purposes for which such lands were sold and conveyed either at public or private sale including those set forth pursuant to Section 21 of P.L.1971, c. 199 (C.40A:12-21), but only after the public hearing held before such Governing Body, of the holding of which notice describing the lands in question, and the terms, covenants, conditions, limitations or reverters to be waived, released, modified or subordinated, and, if to be modified or subordinated, describing the manner in which the same shall be modified or subordinated, shall first have been given by advertisement published once each week for two weeks in a newspaper published in said municipality or, if no newspaper be published therein, then in a newspaper circulating in such municipality, provided, however, that the power herein granted shall not be exercised to impair any vested or contractual rights of third parties”; and

WHEREAS, the Department of Economic and Housing Development caused a notice to be advertised, including the requirements established in N.J.S.A. 40:60-51.2, in the Star Ledger on March 13, 2024 and March 27, 2024, which complies with the notice requirement of once each week for two weeks; and

WHEREAS, the Municipal Council determined that the Project is in the best interest of the City and desires to subordinate the City’s Right of Reverter contained in the Agreement and the Deed by entering into a First Amendment to Agreement for the Sale and Redevelopment of Land, so as to accomplish the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE MUNICIPAL COUNCIL OF THE CITY OF

NEWARK, NEW JERSEY, THAT:

1. The recitals set forth in this Resolution are hereby incorporated as if fully stated herein.
2. The Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into a Subordination Agreement with Citizens Bank, N.A., and New Jersey Housing and Mortgage Finance Agency (“Lender”) and Southside View, LLC, 1212 Springfield Avenue, Irvington, New Jersey 07111 (“Redeveloper”) in the form attached hereto or such other forms reasonably acceptable to the parties, related to the sale of City owned land known as Properties located at :

<u>ADDRESS</u>	<u>BLOCK</u>	<u>LOT(S)</u>
664 South 11 th Street 662 South 11 th Street 660	2617 2617 2617	69,70 71,87
South 11 th Street 658 South 11 th Street 656 South	2617 2617 2617	72 73 74
11 th Street 654 South 11 th Street 668 South 11 th	2617 2617 2617	75 85 86
Street 666 South 11 th Street South 11 th Street		88

Which will be sold to Redeveloper pursuant to Resolution 7R2-b (as) adopted on June 2, 2022, for the construction of a forty (40) unit, multi-family affordable residential building (“Project”).

3. The Mayor and/or his designee the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into a First Amendment to Agreement for the Sale and Redevelopment of Land with Redeveloper, in the form attached hereto, related to the Properties for the Project.
4. All other terms and conditions of the Agreement for the Sale of Land and Redevelopment authorized by and entered into pursuant to Resolution 7R2-b(as) adopted on June 2, 2022, shall remain in full force and effect.
5. The Deputy Mayor/Director of the Department of Economic and Housing Development shall place a filed copy of the fully executed Subordination Agreement and the First Amendment to Agreement for the Sale and Redevelopment of Land with Redeveloper with the Office of City Clerk.

STATEMENT

This Resolution authorizes the Mayor of the City of Newark and/or designee, the Deputy Mayor/Director of the Department of Economic and Housing Development to enter into and execute a Subordination Agreement with Southside View, LLC, 1212 Springfield Avenue, Irvington, New Jersey 07111 (“Redeveloper”) and Citizens Bank, N.A., and New Jersey Housing and Mortgage Finance Agency and First Amendment to Agreement for Sale and Redevelopment of Land, in accordance with N.J.S.A. 40:60-51.2, to enable the Redeveloper to obtain financing necessary for the rehabilitation of the property to create affordable rental or for-sale housing located at 664 South 11th Street, 662 South 11th Street, 660 South 11th Street, 658 South 11th Street, 656 South 11th Street, 654 South 11th Street, 668 South 11th Street, 666 South 11th Street, and South 11th Street, as shown on the official tax map of the City as Block 2617; Lots 69, 70, 71, 87, 72, 73, 74, 75, 85, 86, and 88 (the “Property”),

which are located in the South Ward.